
Education and Training

Resource Management for the Security Assistance Organization (SAO)

By

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*An organization can't be effective
until it first finds its toolbox
and understands how to use what's in it.*

...Anon

Introduction

There are more security assistance officers lost to fraud, waste, or abuse due to the mismanagement of resources than to terrorism. Budget clerks are fired. Budget officers and security assistance organization (SAO) chiefs are relieved of duty. This is due to the perceived autonomy at an SAO, the number of different types of funds available, and the seemingly complex rules and regulations applied to each. The majority of active duty military and Department of Defense (DoD) civilians are familiar with annually appropriated DoD Operation and Maintenance (O&M) funds as the common source of funds for their operations. At the SAO, there are several more types of funds that may be expended and different rules and requirements for each.

Types of Funds

There are several types of funds and assets that an SAO may manage. They include Security Assistance Administrative Funds, Foreign Military Sales Case Funds, Contributed Currency, and various types of Operations and Maintenance Funds. Assistance-in-Kind (AIK) is not a type of fund but it must be included in this chapter because a country providing AIK could offset the SAO's budget. Section 636 of the *Foreign Assistance Act* identifies specific categories for which security assistance funds may be expended.

Security Assistance Administrative Fund

Security assistance administrative funds are referred to as either T-20 or T-10 funds. T-20 funds pay for the security assistance mission requirements of the SAO. Typical expenditures would be for utilities, rent, TDY, office equipment, and other requirements that directly support the SAO conducting security assistance activities. T-10 funds pay for the operational requirements of the Unified Commands and other non-SAO security assistance-related activities. Headquarters Pacific Command (HQ PACOM), the Defense Institute of Security Assistance

Management (DISAM), and the Air Force Security Assistance Center are all examples of organizations that receive T-10 funds.

Security assistance administrative funds are commonly referred to as 3 percent funds because it has been primarily sourced from the 3 percent administrative surcharge added to FMS sales (as of June 1999 this has been reduced to 2.5 percent). A portion of the security assistance administrative funds is also sourced through Congressional appropriations under the *Foreign Operations Authority (Title 22)*. The appropriated funds generally account for less than 10 percent of the total security assistance administrative budget.

Foreign Military Sales Case Funds

Foreign Military Sales (FMS) case funds are provided under a signed case by a country (or international agency) to purchase equipment, spares, support to the country, or to support specified activities of the SAO. These funds are provided on a program management line or a defined order line. A program management line would be added to a case that was written for the sale of a piece of equipment. The defined order lines or cases would be defined to cover the costs of specified support. FMS case funds are provided from the customer country or, as applicable, the U.S.-provided Foreign Military Financing Program (FMFP) to be held by the U.S. within the FMS trust fund account.

A few countries have signed cases to support the SAO presence in their country. FMS case funds may pay for some of the SA operational requirements of the security assistance office. Typical expenditures would be for utilities, rent, TDY, office equipment and other requirements that directly support the SAO. These funds are used to fund support that would normally be budgeted with T-20 funds.

Most FMS support funds are used to fund CONUS, personnel and in-country teams that are in direct support of an FMS program. The in-country personnel will typically fall under the management or supervision of the SAO chief. These funds would be designated for management of the end item(s) and or support equipment/spares. These funds should also be used to fund TDY for SAO personnel traveling in direct support of a specific program, i.e., the FMS sale of F-16s to Bandaria. T-20 funds will only be considered to fund SAO TDY for a program management review (PMR) when the PMR is the only FMS review for that country and the entire country plan is reviewed and not limited to one or two specific programs. The fact that a travel line was not included for the support of a specific program is not justification to use T-20 funds for SAO travel in support of a specific program. The SAO should request the program manager amend the case if there is not a travel line included for a specific program that requires a stand-alone PMR.

Operation and Maintenance Funds

Operation and Maintenance Funds (O&M), also known as Operations, Maintenance, and Armaments Funds (OMA) in the Army, Operations and Maintenance Navy (O&MN) in the Navy; are DoD funds traditionally provided for the purpose of operating and maintaining U.S. forces. Congress provides O&M Funds under *Title 10* of the *U.S. Code*. O&M funds are to be used by the SAO for non-SA activities. The funds are managed by the Military Departments, DoD agencies and components. O&M funds can be identified with the program authorizing the funds. There are many O&M funding programs that the SAO may encounter but the more common ones, by acronym or title, include CINC O&M, PpP, TCA, CIF, CN, and DCA, Demining, Humanitarian Assistance, and "Title 10".

CINC O&M funds are provided by the SAO's Unified Commander for support of the DoD or Unified Command military-to-military peacetime engagement program in the country. These funds are used for salaries, exercises, training, operations, overhead costs, etc.

Partnership for Peace (PfP) funds are annually appropriated for DoD specifically in support of U.S. efforts with countries participating in NATO's Partnership for Peace program. The program is in direct support of partner countries becoming more operationally compatible with NATO forces. The funds are provided by the Unified Command to component commands, the DAOs and/or the SAOs for implementation of the program.

Traditional CINC Activities (TCA) are funds to conduct military-to-military contacts and comparable activities that are designed to encourage a more democratic orientation by defense establishments and military forces to other countries.

CINC Initiative Funds (CIF) are controlled in accordance with DoDD 7280.4 by the Chairman of the Joint Staff. A unified commander may request this funding in support for a myriad of projects to include force training, contingencies, selected operations, command and control, joint and combined exercises, military education and training to military and related civilian personnel of foreign countries, and for personal expenses of defense personnel for bilateral and regional cooperation programs. Once the funding authority is granted, the funds are managed by the Unified Command in the same manner as other O&M funds.

Counter Narcotics (CN) funds are appropriated to DoD for the support of U.S. and other nations in fighting the war on drugs. This funding is managed by the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict, (ASD/SOLIC). These funds may be allocated to use via the FMS process to fund a country's training, support, and equipment needs, or for in support of U.S. forces/activities engaged in CN operations. Normally, these latter funds are allocated to the military service and managed like O&M funds. The SAO may be involved in assisting the host country in FMS case management of those funds, as well as DoS funds used to pay for DoD-provided material, services, or training.

Defense Cooperation in Armaments (DCA) [or International Armaments Cooperation Programs (IACP)] provide the O&M funds in support of the U.S. personnel authorized under the joint manpower programs of the Unified Commands for DCA activities. The term "DCA" is used in the law that originally authorized this program. Since the program was established, U.S. D(AT&L) (the DoD program manager) has adopted the term "IACP" which is now the accepted term. These funds are allocated to the Unified Command and are managed the same as other O&M funds. The SAOs who have DCA billets on their joint manpower programs are required to maintain a separate budget and budget execution procedures for these funds.

Demining funds may be allocated for use via the FMS process. These funds are made available to aid a country in the removal of landmines. The SAO will be involved in the management of this program and overseeing the use of these funds. The SAO does not budget for these funds; they are downward directed.

Humanitarian Assistance funds may be allocated for use to assist the host nation in construction of needed infrastructure, schools, and hospitals. The SAO will be involved in the management of this program and overseeing the use of these funds. The SAO does not budget for these funds; they are downward directed.

Title 10 Program is a program that the SAO may be involved with. The Unified Command centrally manages the *Title 10* program. This program is referred to as *Title 10* and should not be confused with the fact that it gets its name from the same authorizing document

that Congress provides all O&M funds (*Title 10* of the *U.S. Code*). *Title 10* provides funds to support cooperative engagement. It funds material support for humanitarian and civic assistance projects; participation in exercises; and attendance at conferences, seminars or exchanges. The SAO does not budget for these funds; they are downward directed.

Assistance-in-Kind (AIK)

Assistance-in-Kind is non-monetary support of SAO operational requirements. Typical non-monetary support would be office space, transportation, utilities, and personnel. All assistance-in-kind support provides for operational requirements that would generally be budgeted for using security assistance administration, FMS Case, or O&M funds. In the event that assistance-in-kind support was no longer provided, the requirement for what was provided would be reviewed to determine if it was still required and then the new source of funding would be identified based on what activity the assistance-in-kind supported. What will be provided under AIK is decided at the Secretary of State level with a formal document signed between the U.S. and the host nation.

Currently, only one country provides actual funds under AIK. This is an exception to typical AIK. These funds are sent to the U.S. Treasury and provided indirectly to the SAO. Typical monetary expenditures would be for utilities, rent, TDY, office equipment, and other needs that directly support the SAO. The dollar values and what the funds will be used for are decided at the Secretary of State level with a formal document signed between the U.S. and the host nation. These funds are not a part of the SAOs budget but paid by the host nation.

Contributed Currency

Contributed Currency is like assistance-in-kind except that it is always monetary. The host nation sends these funds to the U.S. Treasury. It is not directly made available to the SAO, but the SAO will identify what portion of their budget is covered from contributed currency. These funds will then be used to offset the SAO's budget. These funds can be used for utilities, rent, TDY, office equipment, and other needs that directly support the SAO. These funds are transparent to the SAO during budget execution. The dollar values and what the funds will be used for are decided at the Secretary of State level with a formal document signed between the U.S. and the host nation.

Other Sources of Funding

Moral, Welfare and Recreation (MWR), Overseas Housing Allowance (OHA), Basic Allowance for Housing (BAH), and military pay are some of the other sources of funding.

MWR funds are available on a limited basis through the Military Departments in accordance with DoDI 1015.10 to support U.S. military personnel at an SAO. These funds are often used for such items as weight lifting and exercise equipment. The SAO does not budget for these funds; they request them on an as needed basis.

Housing is typically provided or funded for members of the SAO in one of four ways. The first method is a private lease. The SAO member can obtain a private lease. In this case, OHA in conjunction with BAH will be used to pay for housing costs for U.S. military personnel. The second method is provided through a government lease and paid directly by the SAO. The lease can be through the embassy housing pool or handled separately by the SAO. SAO-funded leases are generally used only when housing is in limited supply or for security reasons. The third method of providing housing is DoS housing. This is a residence either purchased or on a long-term lease by DoS. This type of housing is rarely available but when it is, it is funded by DoS.

The fourth method of housing is even more rare and that is DoD military quarters. These are quarters on a military installation. This type of housing is funded by the applicable installation MILDEP. The SAO will be involved with housing if the SAO is paying for the lease but OHA and BAH are paid by the service directly to the military member. Neither the SAO or the member receives funding for DoS housing or DoD military quarters. Both of these are funded directly by DoS or DoD.

Military pay is not budgeted by the SAO but paid directly by the military service. DSCA centrally funds for all U.S. Coast Guard personnel.

Practical Application of Different Fund Types

The following example using the mythical country of Bandaria shows the convoluted and sometimes confusing use of various types of funds. This example only identifies a few of the expenses that each person might have and should not be considered as an all-inclusive list. Table 24-1 shows the make up of SAO Bandaria by position.

| <p style="text-align: center;">Table 24-1</p> <p style="text-align: center;">SAO Bandaria Office Make Up and Funding Source</p> | | | |
|---|-----------------------------|--------------|-------------------|
| <u>Position</u> | <u>Name</u> | <u>Grade</u> | <u>Type Funds</u> |
| ODC Chief | Colonel Dave Encharge USA | 06 | T-20 |
| Secretary | Ms Mary Noit | GS | T-20 |
| Budget Analyst | Mrs. She Counts | FSN | T-20 |
| Training Assistant Armaments | Mr. Kan Sendum | FSN | T-20 |
| Cooperation Logistics-Plans | Lt Colonel Tim Helper, USAF | 05 | O&M (DCA) |
| Coordination | Major Don Supli, USA | 04 | O&M (CINC) |
| <p>This office has six people funded by three different types of funds. Let's take a look at each individual in the office starting with Colonel Dave Encharge, USA, the SAO chief.</p> | | | |

Colonel Dave Encharge is married with two teenage children for a total of three sponsored dependents. Because his house is rented, not provided through a government lease, he uses BAH and OHA to fund the rent on his house in Bandaria. It should be noted that the SAO does not budget for housing if the military member receives BAH and OHA. T-20 pays the cost of his children's private school; purchase of office supplies and equipment; and funds his SA-related travel. He is also authorized Funded Environmental Morale Leave (FEMLE) which is paid using T-20 funds. FEMLE is a program that allows a person assigned to an austere location a paid trip to a designated location that is more similar to the U.S. Col Encharge can decide to go to the designated location or another location but will receive funds up to the constructed cost traveling to the designated location. The U.S. Army pays his salary.

Ms Mary Noit, the secretary, is single with no children. Because she was hired locally, she does not receive any housing, dependent education, or transportation entitlements. There are a few U.S. civilians that receive these entitlements but most do not. T-20 funds pay for the purchase of her office supplies and equipment and funds any SA-related travel she may have.

Mrs. She Counts is a local national married with three children. Because she was hired locally, housing and dependent education are not paid for using any type of SAO funds. This would also be true for a U.S. civilian that was hired locally. T-20 funds pay her salary, for the purchase of her office supplies and equipment, and any SA-related travel.

Mr. Kan Sendum is a local national married with one child. Like Mrs. She Counts, he receives no funds for housing or education. T-20 funds pay his salary, for the purchase of his office supplies and equipment and any SA-related travel.

Lt Col Tim Helper is single with no children. He uses BAH and OHA to fund the rent on his house in Bandaria. DCA funding pays for the purchase of his office supplies and equipment and funds DCA-related travel. The U.S. Air Force pays his salary.

Major Don Supli is married with no children for a total of one sponsored dependent. He uses BAH and OHA to fund the rent on his house in Bandaria. CINC O&M funds pay for the purchase of his office supplies and equipment and funds CINC related travel. The U.S. Army pays his salary.

The SAO does not use office space in the embassy but has an office next to the Ministry of Defense. The country of Bandaria provides this office to the SAO at no cost as Assistance-in-Kind. The Bandarians have also decided to provide vehicles for SAO personnel use under an FMS case. A case was written to lease four Jeep Grand Cherokees to include their maintenance. The SAO separately pays for the fuel for these vehicles.

So far we have looked at some basic items covered by the various types of funds. We will now look at some of the more interesting items that come up in the office.

Colonel Encharge will not be able to attend the next Unified Command SA Conference and decides to send Lt Col Helper in his place. In this case, although Lt Col Helper is mainly funded using DCA funds, he will be performing a SA mission and therefore is authorized to use T-20 funds to pay the cost of his TDY.

The Bandarians provide the office building but the SAO must pay for all utilities. The bill for electricity sent to the SAO is for one lump sum of 2,600bd (\$1,300.00) for the entire office. Each funding source must pay for its own requirements. Various cost accounting methods can be employed but one method would be to take the square footage allocated to each person and use that to determine how much each owes. In our example, the four T-20 funded personnel occupy 550 square feet or 64 percent of the office, the DCA billet occupies 18 percent and the CINC billet occupies the other 18 percent. The correct method of funding is for T-20 to fund \$832.00, DCA to fund \$234.00 and CINC funds to pay \$234.00.

Colonel Encharge decides to print holiday cards to send to Bandarian military and civilian personnel the SAO works with. The types of funds available to fund this would normally be limited to the types of funds available to the SAO to include T-20, FMS case funds, and the various types of O&M. However, in this case none of these funding sources are appropriate because U.S. regulations do not allow the SAO to fund general holiday cards. Some of these restrictions will be covered later in the chapter in the section for representational funds. If you think that something is an inappropriate use of SAO funds there is a good chance that it is NOT

appropriate. Any time that you are not sure of the funding source or the legality of expending funds for an item, the SAO should check with the Unified Command's budget and/or legal office.

Anti-Terrorism and Force Protection (ATFP) Funding

ATFP funding is an area of great concern and confusion. The Department of State (DoS) is responsible for funding ATFP for most SAOs with the Unified Commander, by agreement, being responsible for ATFP at selected SAOs. DoS will therefore be the first place to look for funding of ATFP requirements. That said, many times in this austere funding environment, the DoS will not always be able to fund these requirements. Due to the importance of ATFP, other sources of funds should then be pursued. The first thing that must be considered in seeking other sources is who is the ATFP requirements going to support. The SAO should look at using their T-20 budget if the requirement is to support personnel in a T-20 funded billet. If sufficient funds are not available in that budget then they should submit a T-20 unfunded requirement (UFR) to the Unified Command to pay for this deficiency. A statement from the embassy Regional Security Officer (RSO) that the security requirement is valid and DoS does not have funding should be included with the UFR. The SAO's O&M budget should be used for O&M billets or a request for CINC O&M funds if the SAO's funds are insufficient. FMS funds should be used for FMS case-funded billets. There are a few other options if none of these avenues work out. The SAO can work with their Unified Command representatives to request the use of CINC Service Executive Agent funds or DoD Combating Terrorism Readiness Initiative Funds. The bottom line is that to meet an ATFP requirement the SAO should pursue every known source of funds.

SAO Flow of Funds

The flow of funds to the SAO is complicated due to the number of funds, types of activities, and number of organizations involved. This process can, however, be broken down to some key basic concepts. At the center of the flow of funds is the Defense Finance and Accounting Service Center at Denver (DFAS-DE). DFAS-DE is responsible for all finance and accounting of security assistance funds.

Starting at the top of Figure 24-1, the first fund the SAO deals with is security assistance. The top left shows the flow of funds provided by Congress for security assistance administrative related requirements. These funds are sent to the DFAS-DE Trust Fund Account. The top right shows the flow of funds from the Administrative Surcharge and FMS case funds. These funds are also sent to the DFAS-DE Trust Fund Account. T-10 Funds are sent to the Unified Commands and Military Departments (MILDEP). Funds remain at DFAS-DE for Defense Security Cooperation Agency (DSCA) and DFAS requirements. Funds are sent to State Department to pay for International Cooperative Administrative Support Services (ICASS) and SAO security costs. These are indirect costs and centrally funded by DSCA. T-10 and T-20 are direct costs. T-10 Funds are sent to the Unified Commands to cover the Unified Command costs. T-20 funds are also sent to the Unified Commands but to be further distributed to the SAOs. The bottom left of the chart shows the flow of Congressionally appropriated O&M funds to the Unified Commands through the MILDEPs. The MILDEPs also provide these O&M funds to the other SA organizations that require O&M funds. The Unified Commands then provide the necessary O&M funds to the SAO. The final input is the assistance-in-kind provided by the host country.

SAO Budget Organizations

An understanding of various players in the budget process is required before looking at the process itself. There are eight major players involved with the SAO budget process, Congress, Department of State, DSCA, the Executive Agent, Unified Commands (UCOM), SAO, Embassy, Financial Service Center (FSC), and DFAS-DE.

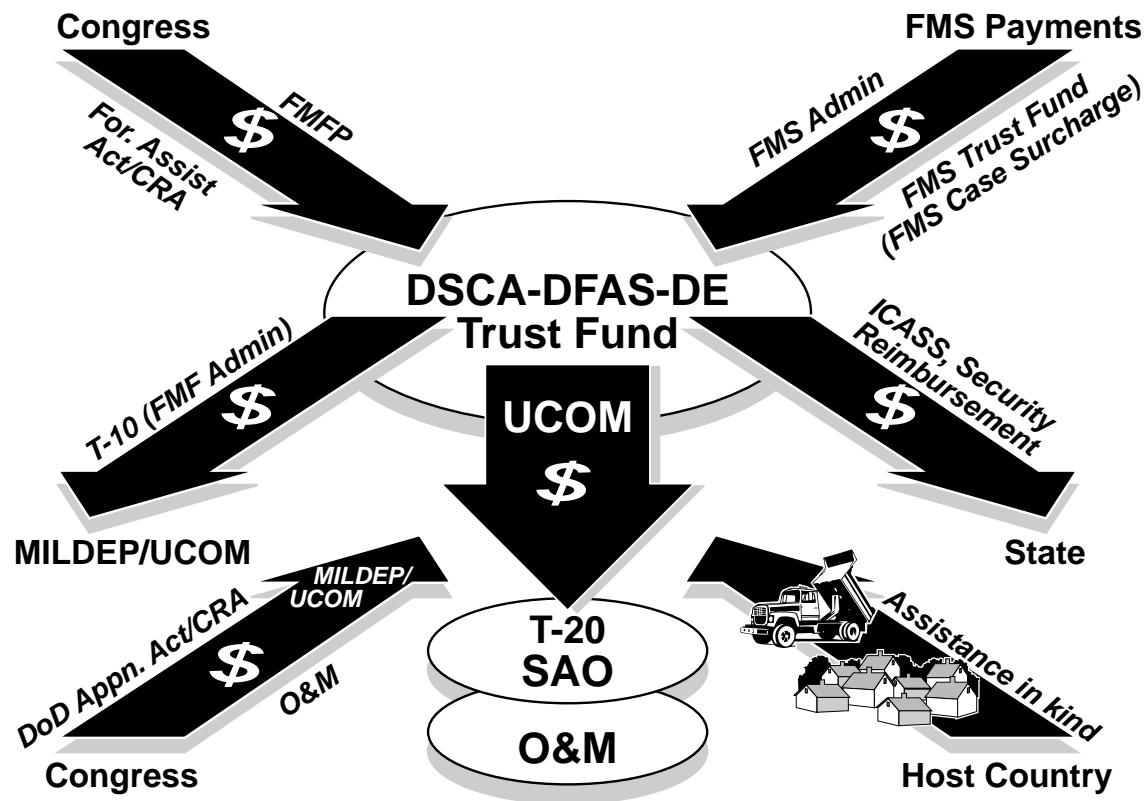


Figure 24-1 - Flow of Funds

Congress

Congress legislates the appropriated funds portion of the SA funding and the O&M funding to be used by the SAO. Congress separately legislates an annual dollar ceiling authority for expenditure of SA administrative funds out of the Trust Fund at DFAS-DE.

Department of State (DoS)

The Department of State submits the budget request to Congress for the appropriated funds portion of the SA fund requirement in the annual *Congressional Presentation (CP)* for *Foreign Operations*.

Defense Security Cooperation Agency (DSCA)

DSCA manages and administers the Administrative Trust Fund and provides budget policy and guidance on the use of SA funds. They also provide budget target levels to the Unified Commands. DSCA reviews and approves the Unified Commands' budgets. The budgets are approved based on the country submissions but the funding levels are issued to the Unified Commands as a lump sum dollar value. This allows the Unified Commands to tweak the country funding levels as changes in requirements occur. DSCA works with the DoS in preparing the budget request to Congress for the appropriated portion of the SA funds. DSCA is the SA focal point for ICASS. DSCA pays funds to DoS for SAO security and ICASS costs. DoS then distribute these funds to the appropriate embassy. DSCA centrally funds ICASS, local residential

guards, and U.S. Coast Guard salaries. DSCA also centrally funds and manages the C-12 aircraft program.

Executive Agent

The executive agents are the MILDEPs responsible for “sponsorship” of the geographic Unified Command; i.e., the Air Force for Central Command (CENTCOM), the Army for European Command (EUCOM) and Southern Command (SOUTHCOM), and the Navy for the Pacific Command (PACOM). The Executive Agent provides budget policy and guidance on the use of O&M funds. They review and approve the O&M budgets for the Unified Commands. They also prepare the annual Program Objective Memorandum (POM) submission for DoD to obtain the funds required.

Unified Commands (UCOM)

The geographic Unified Commands include CENTCOM, EUCOM, PACOM, and SOUTHCOM. The UCOMs issue command policy and procedures that expand and clarify those issued by DSCA and the Executive Agents. They issue funding targets for the SAOs to use in developing their budgets. The funding target levels are used as a starting point in developing a budget. The UCOM reviews and modifies the individual SAO budgets as required and then submits a consolidated budget to DSCA for SA requirements and the Executive Agent for the O&M requirements. The Unified Command issues and certifies the Obligation Authority/Fund Certification Authorization (OA/FCA) to the SAO as the funding becomes available. This gives the SAO official authority to obligate the U.S. government to expend dollars. At the same time the OA/FCA is issued to the SAO, notification is made to DFAS-DE so they can record the OA/FCA values in the official accounting system. This sets aside an appropriate portion of the Trust Fund for the SAOs use. The Unified Commands are also responsible for overseeing SAO funds management and implementation.

Security Assistance Office (SAO)

The SAO annually prepares the proposed budget and submits it to the Unified Command. If the budget request exceeds the target level provided by the Unified Command, then the SAO will submit unfunded requirements for each item above the target level. The SAO will then execute the day-to-day budget and provide the Unified Command and DFAS-DE with the appropriate reports. The SAO will keep unofficial accounting records utilizing the Security Assistance Automated Resource Management Suite (SAARMS) budget execution program for all transactions and report this information to DFAS-DE for reconciliation with records submitted through the DoS accounting system.

Embassy

The Embassy will provide contracting support to most SAOs. Generally, DoS has the only bonded contracting officer in the embassy so they provide this service to the other organizations. A few SAOs have their own contracting officer but this is the exception. The embassy also provides certain administrative support services specified in the ICASS agreement. These services generally include fund disbursement for the SAO both by the embassy and the FSC. Again, a few SAOs perform this service in-house but this too is the exception. Financial reports will also be provided to the SAO that show what financial functions the embassy provided for the SAO. Other services as specified in the ICASS agreement may also be provided.

Financial Service Center (FSC)

The DoS Financial Service Center is the DoS regional finance center for disbursing funds for the embassies assigned to it. The FSC reports these disbursements to the embassy that requested it. The disbursements are also reported to DFAS-DE for all security assistance disbursements. There are currently three FSCs located in Paris, France; Bangkok, Thailand; and Charleston, South Carolina.

Defense Finance and Accounting Service Denver Center (DFAS-DE)

DFAS-DE is the financial and accounting activity for all security assistance funds. DFAS issues general accounting policy and procedures. At the direction of DSCA, they issue fund allotments to the Unified Commands for dissemination to the various SAOs. DFAS-DE maintains the official accounting records. They post all obligations and disbursements provided by DoS and the SAOs. Status reports are then supplied to each SAO. DFAS-DE, in conjunction with the SAO, reconciles the records posted from DoS with those posted from the SAO. DFAS is also required to perform departmental reporting to the Office of Management and Budget (OMB).

Security Assistance Automated Resource Management Suite (SAARMS)

SAARMS is a suite of software modules to assist the SAO in managing their resources. SAARMS currently consists of three deployed computer programs with two more programs in the planning stage. The Budget Execution, Budget Preparation, and Property Modules have all been released. Personnel and TDY modules are under development or review.

SAARMS Budget Preparation Module

The Budget Preparation Module automates the T-20 budget preparation for the SAOs and Unified Commands. It was developed by the Defense Institute of Security Assistance Management (DISAM) and deployed in 1998 for use in developing the FY99 T-20 budget submission. It provides the capability for the SAO to develop their budget, make modifications, and electronically submit the budget to the Unified Command. The Unified Command can then electronically merge all the SAO budgets into one combined Unified Command budget for submission to DSCA. All required budget submission data is included in the program and all pertinent reports can be generated. The program is also designed so that it could be used for other than T-20 type fund budget submissions if so desired.

SAARMS Budget Execution Module

The Budget Execution Module serves as the SA funds management system. A contractor originally developed the SAARMS Execution Module for CENTCOM with DISAM taking over responsibility for the program in 1995. It was in use by the other Unified Commands by 1996. The program records and limits total document value to the total Obligation Authority/Fund Cite Authorization (OA/FCA) amount and provides fund control by management categories specified by the Unified Commands. Obligations and disbursements are recorded with required reports generated by SAARMS. The program also generates data and reports to be electronically transmitted to DFAS-DE for entry into the official accounting system. The data is transmitted using the Integrated SAARMS (ISAARMS) program within the Security Assistance Network (SAN). The ISAARMS is also used to transmit data to DFAS-DE for entry into SAARMS Execution to reconcile the local SAARMS data with the official accounting data. The program is used for T-20 funds management and the other types of funds used in the SAO.

SAARMS Property Module

The Property Module serves as the security assistance property management system. The Property Module was developed by ODC Bonn and then modified by DISAM and made available worldwide in 1998. It standardizes property management throughout a Unified Command. The program creates and stores the required information on property records and provides the requisite reports. The program will eventually be modified to export property data to the budget preparation program.

SAARMS Personnel Module

The Personnel Module is under development. When fielded, it will serve as the SA personnel management system. It will automate the SAO personnel system. The program will include the personnel authorization information contained in the Joint Manpower Program (JMP), standard position descriptions and numbers, and data pertaining to the individual and his/her dependents. DISAM currently has a JMP database program that contains JMP standard positions and descriptions that is available for use by the SAO. This program will most likely migrate into the SAARMS Personnel Module.

SAARMS TDY Module

The TDY Module is currently under review. This module will provide the SAO with an automated system to track their TDY program.

Representation Funds

Representation funds (Rep Funds) are to maintain standing and prestige of the United States by extending official courtesies to authorized personnel. The SAO will receive rep funds from T-20 and some VIP funding. The SAO rep fund budget is small, generally only a few hundred dollars, but they receive a great deal of attention. Rules for SA representation funds will differ from those of CINC O&M and those for use by the Defense Attache Office (DAO).

Representation Fund Uses

Representation funds can be used to cover the cost of luncheons, dinners, and receptions for authorized personnel. Mementos can be purchased at a cost not to exceed \$245.00 per person for honored guests and their spouses. Mementos can only be presented to non-U.S. government officials. Non-personal invitations can be bought with these funds. For example, a non-personal invitation could be an invitation from SAO Bandaria for a Fourth of July celebration. Gratuities not to exceed 15 percent of the cost of services can also be paid. This is not an all-inclusive list. The SAO should refer to Unified Command regulations dealing with SA rep funds for additional details.

Representation Fund Limitations

Invited guests should be limited to the minimum number required to meet the representational mission. The number of distinguished guests must be at least 20 percent of the attendees when the number of attendees is less than 30 people and at least 50 percent when the number of attendees is more than 30 people. These funds cannot be used for membership dues or fees of any kind, seasonal cards, calling cards, personal items such as cigarettes or shoe shines. Representation funds cannot be used to purchase linens, dishes, silverware or kitchen utensils, or to pay for conferences, seminars, or workshops. The SAO should refer to the Unified Command regulations for additional limitations.

Representation Fund Records

Detailed records of all rep fund expenditures and uses must be maintained. Guest lists indicating who was invited and who attended will be recorded for each rep fund event. The distinguished guests and party will be indicated and the percentage of distinguished guests to U.S. personnel annotated. Financial records of all expenditures must be recorded as well as perpetual inventories of mementos and expendable items.

International Cooperative Administrative Support Services (ICASS)

The International Cooperative Administrative Support Services is a system for providing services to the various organizations in a U.S. embassy. ICASS provides for increased responsibility and authority to manage the resources in the embassy. Customer participation is a key element in ICASS. The customer is defined as the organizations using the various services available in the embassy. The customer is involved in the selection of service providers and can select a provider other than the one selected through ICASS. This should be done only after careful consideration on the total impact on the U.S. government and future availability of the alternate source. Service providers can be either U.S. government agencies or local vendors. State Department will provide most of the services. The ICASS budget is locally generated and managed. Each embassy determines how much money will be required and how those funds will be spent. They identify what services will be provided, how they will be managed and how much will be charged for those services.

Another element of ICASS is total visibility of administrative services and cost elements. The customers help to establish performance standards for services provided. It could be determined that vouchers should be processed within 15 days for example. These standards would then be used to rate the effectiveness of the service providers.

ICASS Working Capital Fund

ICASS allows for what is referred to as a working capital fund. This fund is a no year fund to allow for unobligated funds to be carried over from one year to the next. These unobligated funds could be returned to all the participating agencies, reprogrammed for other ICASS needs or retained to reduce the bills of all agencies for the next fiscal year.

ICASS Charter

An ICASS Charter is developed locally and establishes the embassy's operating guidelines. It identifies the Chief of Mission (COM) as having authority of the ICASS program. It formalizes the resource commitments and legitimizes the ICASS council.

ICASS Memorandum of Understanding (MOU)

Each customer and service provider signs a memorandum of understanding (MOU). It defines the services that will be provided, identifies the customers, and service providers. The MOU spells out the objectives and service standards established by the ICASS council. The cost of services is agreed upon with program evaluation and review procedures being established.

ICASS Council

The ICASS Council is the formal body that develops the charter and approves the MOUs. It is authorized to adopt by-laws suitable for local conditions. The council is composed of senior managers from each agency with one representative from each customer and each service

provider. The SAO chief is the ICASS member for the SAO. It develops and approves the annual ICASS budget and has authority to manage all services. The council decides what services are to be provided, which organization will provide those services, and how the services will be provided. They establish performance standards with each service provider. They also evaluate the performance and costs of each service provider. The council resolves most disputes among participating agencies.

Deputy Chief of Mission

The Deputy Chief of Mission is an exofficio member of the ICASS Council, which means that he represents State Department's interests at the council but is not a voting member. He provides the policy perspective to resource decisions and keeps the Chief of Mission informed on ICASS issues.

Chief of Mission (COM)

The primary role of the Chief of Mission is in resolving disputes between agencies. An agency can bring a dispute to the COM that could not be resolved in the ICASS Council or a dispute that was decided by the ICASS Council that a participating agency does not agree.

ICASS Executive Board

The ICASS Executive Board provides the highest level of ICASS policy. The Assistant Secretary of State for Administration chairs this board. Participating agency representatives are at the Assistant Secretary level. They meet twice a month to review and make policy. Disputes that could not be resolved to the satisfaction of the COM can be sent to the ICASS Executive Board for resolution. This avenue should be pursued only for major items and then only after all other avenues of grievance have been exhausted.

Interagency ICASS Working Group

The Interagency ICASS Working Group provides policy on items delegated by the Executive Board. It is made up of working level representatives from each agency involved with ICASS and meets twice a month. It communicates policy developed within and from the Executive Board to ICASS member agencies and the field. It reviews and approves non-post costs and factors and resolves issues raised by embassy councils.

ICASS Service Center

The ICASS Service Center is a full time service organization that serves as the secretariat for the ICASS Executive Board and the Interagency ICASS Working Group. It is a permanent office consisting of interagency staff. It provides budget and financial services to the various ICASS Councils. It provides implementation guidance on ICASS budgets and procedures. It manages a cost distribution computer system and coordinates training on all ICASS issues. It provides customer assistance for post operations.

Security Assistance Office (SAO) Security Assistance Budget Preparation Process

Budget Call

The budget preparation process starts with the annual budget call. DSCA notifies the Unified Commands of what information, in what format, and when the budget submission is required. DSCA will also provide a target ceiling level by Unified Command. The Unified

Commands then notify the SAOs of what they need to provide to the Unified Command and the date it is due. They will also provide a target ceiling level by SAO. Typically, this process begins each February with the publication of the *DSCA Budget Call*.

Build the Budget

The budget consists of the chief's narrative, detailed descriptions, and dollar values summarized by object class. The chief's narrative is the single most important item in the budget. The chief's narrative provides the SAO Chief's overall perspective on his/her program and why he/she needs the budget that is being requested. How detailed the item description is Unified Command dependent. For example, some Unified Commands require that each TDY be listed while others just summarize by category. An Object Class is an OMB standard category methodology for classifying items to be budgeted. For example, "210" is used for travel and transportation. The budget must be summarized such that total dollars required for each object class is included. The SA budget submission includes four fiscal years of data, to include: past FY (actual costs), current FY (actual costs plus estimated requirements for the remainder of the year), next FY (taking last year's projected requirements and revising them), and one out-Year (projected requirements two years from now). The budget includes both direct and indirect costs. The budget submission is broken into three parts: direct cost, indirect cost, and special exhibits. Direct costs are identified by Object Class and include the standard budget items for the SAO. Indirect costs include ICASS, local guard, U.S. Coast Guard, and severance pay. There will be a special exhibit for each of the following items that apply: C-12 flying hours, contributed currency, foreign currency, workload factors, quarterly funding, and unfunded requirements. These items are explained in detail in the budget call provided by the Unified Command.

Review the Budget

The Unified Commands with the SAOs review and modify the budgets submitted by each SAO. The Unified Command will often decrease or even increase the budget based on this review. When the Unified Command does not agree with a line item submitted for funding, they will delete that item from the budget. The Unified Command will also increase the budget amount if they notice a requirement missing or determine that not enough money is being requested. This increase may sound improbable but it happens.

Unfunded Requirements (UFR)

A mission requirement that cannot be included within the budget target ceiling level will be submitted as UFR. A UFR list will be submitted at the beginning of the year or created during the year if needed and periodically updated. This list will be prioritized with "must pay" items first and then discretionary items. The SAO should never submit must pay items as UFRs if there are discretionary items in the funded budget. A must pay is an item that is required by law or regulation; i.e., entitlements, leases, or utilities. A discretionary item is both mission essential and non-mission essential but does not fit the must pay requirement; i.e., most TDYs, supplies, and equipment. A valid UFR must be a requirement above the annual funding program or budget target level and may have significant impact on the entire program. The SAO must have authorization to procure the item, the item must be required during the current fiscal year, and there must be time to legally obligate the funds. Having time to legally obligate is especially important at the end of the fiscal year when limited fall-out funds may become available. A good UFR should include a detailed description of the requirement, a good justification, SAO priority, dollar amount, and the latest date to fund. A detailed description will help the Unified Command better understand what is required by the SAO. The justification should include why it is needed, the impact on the program if not funded, an outside assessment if appropriate, and the authorizing document if applicable. The stronger the justification, the stronger the chance that the item will

be funded with the limited resources available. The dollar amount should also include the appropriate object class and type of funds to be used.

Budget Submission

The budget submission process starts with the SAO and ends with Congress. The SAOs submit their budget for review and modification by the Unified Command as noted above. The Unified Command then consolidates all the individual SAO budgets into one Unified Command budget submission to DSCA. DSCA keeps the security assistance administrative funds portion and then works with DoS to develop the appropriated funds portion of the SA budget. The DoS then takes this overall budget submission to Congress for any necessary legislative action.

Budget Approval

The budget approval process works in reverse of the budget submission process. Congress provides the funding appropriation or funding authority to DoS which in turn provides the allocation of appropriated funding to DSCA. DSCA takes this allocated funding along with the authorized funds from the Trust Fund Account to provide the Unified Commands with their approved funding allotment. The Unified Command will then provide each SAO with their approved funding allotment.

Obligation Authority

DSCA issues and certifies the Obligation Authority/Fund Certification Authorization (OA/FCA) for the first quarter's requirements to the Unified Commands. At the same time, the OA/FCA is issued to the Unified Commands, notification is made to DFAS-DE so they can record the OA/FCA values in the Trust Fund. The Unified Command then issues and certifies the OA/FCA to the appropriate SAO. This gives the SAO official authority to obligate the U.S. government to expend dollars. When the Unified Command issues the OA/FCA to the SAO, they also notify DFAS-DE to record the OA/FCA values within the Trust Fund.

Obligation Authority Adjustments

The obligation authority will need quarterly adjustments and could require out-of-cycle adjustments as well. The obligation authority is provided as quarterly allocations. These amounts will generally not be equal because they are based on the estimated quarterly requirements of the SAO. Out-of-cycle adjustments are required when funds are made available to cover an UFR. An example of this would be an SAO budget for an O-4 billet without knowing who will fill the billet so the SAO estimates two dependents; however, the O-4 arrives with three dependents. The SAO submits an UFR that is funded with an out-of-cycle obligation authority adjustment to allow for the extra dependent.

Security Assistance Office (SAO) Security Assistance Budget Execution Process

The Obligation Authority/Fund Certification Authorization (OA/FCA) ends the budget preparation process and begins the budget execution process. The execution process consists of the day-to-day operation of allocating funds, procurement, funding expenditures, and the record keeping of these operations. The SAARMS Execution program is used to record these transactions and aids the SAO in managing their resources wisely.

Managing Funds

The key to managing SAO funds wisely is recording the OA/FCA allocations and the sub-allocation of these funds among various management categories in SAARMS. The SAO cannot legally obligate the U.S. government to spend funds in excess of what is provided in the OA/FCA allocation. SAARMS is designed to help the SAO stay below this limit. The SAO records the OA/FCA allocation and subsequent adjustments in SAARMS. The SAO then further allocates those funds into management categories defined by the Unified Command that allow the SAO to better manage their allotted funds. The SAO decides how much of their total OA/FCA to allocate to each management category based on what they expect to spend in each category for that quarter. SAARMS works like most standard budgeting programs in that it prompts the SAO to make a management decision before it will expend funds above limits that the SAO has established for each category. The SAO is also expected to submit an annual plan to the Unified Command by management category on what they expect to spend each quarter.

Requirement

The second step in the budget execution process is to have a valid requirement. The SAO can only procure those items that are authorized and required to perform their mission. These requirements will include everything from pens and pencils to dependent student education. Each item will fall into a given management category. For example, all SAOs regardless of command are required to use management category “U” for U.S. civilian pay.

Create Obligation

An obligation must be created before any action can be taken to support any valid requirement. The SAO records all obligations in SAARMS. The program will first verify that funds are available in the OA/FCA allocation and then verify that the SAO has allocated enough funds in the appropriate management category. If funds are not available in the OA/FCA, then the SAO will either have to hold the requirement until the next quarter or submit a UFR. If funds are available in the OA/FCA but not available in the appropriate category, then the SAO must look at other categories and determine if all the funds allocated to each of those funds will be required that quarter. If all funds allocated to a given category are not required in that category, then the allocation to that category can be reduced and those excess funds can be allocated to the appropriate category. The definition of an “obligation” for SA purposes varies from that used by some of the MILDEPS. An obligation is defined as the act of reserving funds for a required service or item. In essence, it would be like writing in one’s checkbook that one expects to pay \$500.00 a month for utilities but have not received a bill or written the check. The funding has been set aside or reserved so it cannot be used for something else. Once the expected bill has been received, money is available for payment.

Process Obligating Document

Once the SAO has established an obligation, the appropriate paperwork must be processed. This could be a temporary duty (TDY) form, purchase request, miscellaneous obligation document, supply order, contract, purchase order, work order, or a requisition. Generally, the SAO does not process these documents for themselves. The SAO will generally take the appropriate documentation to the embassy Admin Office or Budget and Fiscal (B&F) office to process. This office will then process the request. The office will write and process the contract, procure the items, or process the appropriate paperwork. Some or all of these actions may be done by the SAO with the embassy doing nothing or only processing the payment. Who does what is a function of the size of the SAO, the embassy, and location of other DoD units.

Miscellaneous Obligation Document (MOD)

A miscellaneous obligation document is used to establish a document for like payments that occur on a recurring basis. A MOD would be opened for an amount that would cover the payments for the first quarter for a given expense. The MOD would then be adjusted each quarter based on what will be required that quarter. As an example, a MOD could be made for SAO office utilities. The MOD could be initially established for the expected first quarter utility bill of \$1000. Each month, a payment for \$300 could be made to cover the actual utility bill. Then a \$900 adjustment would be made to cover the next quarter's requirement. This scenario would include an initial obligation, three adjustments and twelve payments.

Make Payment

The vendor will usually be paid in one of four ways

- (1) the embassy B&F office can pay the vendor by check or electronic funds transfer (EFT);
- (2) the State Department Financial Service Center (FSC) can pay the vendor by check or EFT;
- (3) the Embassy B&F office could provide the SAO with cash, and then the SAO pays the vendor in cash; or
- (4) the vendor is paid using an U.S. government IMPAC card. Regardless of the method of payment, an obligation must be created before any transaction can be made.

Record Payment

A reported payment will be recorded by the SAO. If a State Department organization makes the payment, then the State Department will create an obligation and payment in the State Department accounting system. Regardless of who makes the payment, the SAO always record the payment in SAARMS. The embassy B&F office is required under the ICASS agreement to provide all agencies that receive voucher support a copy of the data TELEX (DATEL). This document identifies every transaction that the B&F office processed for the SAO. The SAO must use this document to record the payment in SAARMS. The State Department voucher number listed on the DATEL will be recorded in SAARMS. The SAO should also verify that the dollar amount listed in the DATEL is the same as the value that originally requested by the SAO to be processed.

Open and Closed Documents

SAARMS and DFAS BQ system both indicate what document numbers are open and closed in their respective systems. A document is open in SAARMS as long as the SAO believes that additional requirements may be placed against that document or additional bills are expected. The SAO decides when a document number should be closed. Generally, a document number should be closed when the SAO does not expect any more payments. A document can always be reopened in the event that an unexpected bill arrives. A document for a TDY should be closed as soon as the final voucher settlement is paid. A MOD will generally stay open until the end of the fiscal year or as close to the end after the final bill is received. It should be noted that the DFAS BQ system considers a document closed when the total obligated equals total paid.

Reallocate Excess Funds

During the initial managing funds phase, the SAO records the OA/FCA allocations and the sub-allocation of these funds among various management categories in SAARMS based on forecasted requirements. What is forecasted is not always the way things occur. So during the execution process, funds will need to be reallocated. As mentioned earlier, if there are too much funds in one management category and too few in another, the SAO will move the funds from one area to another or reallocate those funds. This is an internal reallocation of funds. The SAO will also be faced with situations where the funds allocated them in the OA/FCA are more or less than required. When this happens, funds will be moved by the Unified Command from one SAO to another to cover all true requirements within the Unified Command AOR. At times, the SAO will volunteer excess funds and at other times the Unified Command will “volunteer” the SAO’s funds. These are external reallocations of funds.

Year End Close Out

At the end of each fiscal year, the SAO is required to perform certain “housekeeping” chores in order to prepare for the next year. The SAO should review all open documents and close all those that can be closed. During the year, it is possible to overlook the closing of a document that is no longer required. The end of the fiscal year is a good time to review these. Some obligations may need to be adjusted based on new information now that the year is almost over. Through the year, documents are often established with an estimated dollar requirement. As the end of the year approaches, one gains a better idea of what the true requirement figure should be. The SAO should increase or decrease the amount obligated for some documents based on this review. This will free up funds for possible UFRs and insure that other documents are not short of funds when the bills arrive. All previously submitted UFRs should be reviewed and updated. If the SAO has no UFRs, then the SAO should return unused funds to the Unified Command. These funds can be used by other SAOs or, if SA funds, returned to the trust fund to be reissued the following year. Unlike O&M funds, SA funds can be reissued in future years if not used in the current fiscal year.

Budget Execution Reports

The budget execution program provides three kinds of reports: budget operation reports, accounting record submission reports, and management reports.

Budget Operation Reports. The budget clerk will use several reports for every day operations. The transaction summary report provides most of the pertinent information for creating various budget execution forms. The MOD form is a standard form used through out the world and can be printed directly from the execution program. This form is used by budget personnel for processing a standard miscellaneous obligation document. A document history report is printed when researching a specific document number or reconciling the SAO’s records with the Embassy or DFAS-DE. The budget clerk should, at a minimum, print an open documents list at the end of the fiscal year and try to close as many documents as possible.

Accounting Record Submission Reports. The budget clerk will create what is called an obligation disbursement report (ODR). The ODR is used to transmit accounting information to the appropriate accounting station. For T-20, the accounting station is DFAS-DE. The ODR contains all the obligations, adjustments, and disbursements or payments that were made by the SAO. The ODR and all SAARMS generated reports can be transmitted electronically to the accounting station. The Security Assistance Network (SAN) has an automated feature to facilitate this transmittal for T-20 transactions.

Management Reports. The SAO chief should review several reports to maintain any required oversight within the budget process. The SAO will submit to the Unified Command an Annual Funding Plan at the beginning of each fiscal year. The chief should review this report and insure that it reflects the way he/she plans to spend funds by category. The chief should also review the accounting classification report to insure that the accounting classification for each fund type was entered correctly. The accounting classification data will be used on every funding document, so it is imperative that it is accurate. The chief and Unified Command will review the status of funds report monthly. The status of funds report provides data on the yearly budget amount, allocations by management category, total obligations, and total payments. The SAO chief is responsible for ensuring that the budget program consistently reflects assigned missions and priorities. The document history report sorted by management category and the obligation and payment summary report are two more useful documents for the SAO chief. The document history report when sorted by management category will show the chief how funds are being expended in each category. The chief will be most interested in looking at a category like civilian pay or TDY. This report allows the chief to see every transaction that was made in that category, making it a good internal management control tool. The obligation and payment summary sorted by the last digit of the expense code makes it possible for the chief to quickly see how much money has been obligated for each management category, how much has been paid (these are both available on the status of funds report), and more importantly how much is still unpaid. Early in the year and early in each quarter one would expect the unpaid portion to be high but as the end of each quarter and especially near the end of the fiscal year the unpaid portion should be reduced. A large unpaid portion in certain categories should flag a problem. For example, TDY should be paid fairly quick while utilities may take longer due to the billing process. The SAO chief should rely on the budget officer and clerk to manage the budget process but it is only prudent to provide a certain level of oversight.

Security Assistance Office (SAO) Security Assistance Budget Cautions and Problem Areas

Government Leased Housing

There are several items that have consistently caused problems for SAOs. Government leased housing is a prime example because DSCA approval is required for any lease over \$25,000 including the annual rent and utilities. The UCOM can approve new and replacement leases for less than \$25,000. The UCOM can delegate this approval to the SAO Chief except for the SAO chief's quarters.

Government Vehicles

DSCA approves the purchase of all foreign-made vehicles to insure the *Buy American Act* is adhered to. All other vehicles are approved by the Unified Commands. Vehicles may be armored only by GSA-approved sources.

The CINC can grant authority for domicile-to-duty transportation. Domicile-to duty use of government vehicles, when authorized, requires all members of the SAO to be aware of the limitations of domicile-to-duty. It is based on the threat in a country and is reviewed every six months.

Support of Non-SAO In-Country DoD Personnel

The SAO will be involved with supporting a host of individuals that are not assigned to the SAO. It is incumbent on the SAO to insure that funding is provided to cover the additional expenditures required for these personnel. There will be U.S. military on deployment, personnel assigned to a Technical Assistance Field Team (TAFT), Mobile Training Team (MTT), Extended

Training Services Specialist (ETSS), and other DoD TDY personnel arriving in-country all receiving support from both the SAO and the embassy. The SAO may provide support such as FSN overtime for driving, expediting, fuel use of SAO vehicle, phone charges for coordination, etc. DoS and other ICASS providers will also charge for services they provide to these personnel. An ICASS agreement may be set up in a country to charge an overhead rate for each TDY person based on length of stay in-country plus on actual expenses incurred. A good way of covering these costs is to require any unit or personnel to provide the SAO with a Military Interdepartmental Purchase Request (MIPR) prior to arrival in country to cover these costs. This MIPR can then be used to reimburse DoS for ICASS charges and to reimburse the SAO for their direct costs in supporting these personnel.

International Management Controls

The *Federal Managers' Integrity Act of 1982* requires an internal management control program to prevent fraud, waste, and abuse along with mismanagement. Supervisors at all levels of the SAO must be personally involved. Internal controls need to be an integral part of the everyday operating procedures at the SAO. Segregation of responsibility for transactions and activities within the SAO should be included in this program. The SAO chief should insure that the program is designed to control and maintain adequate office records. Access to and use of government assets and records should be limited to those that require them to meet the mission. Accounting and representation fund inventory records should be adequately maintained.

Independent checks of records should be made. A check of clerical records and procedures should be made by one organization in the SAO on another. Records should be periodically reconciled to insure accuracy. Periodic physical inventories should also be made on SAO property.

The SAO should document the procedures of the internal control program. The Chief should instruct all SAO members about the program and its requirements. The SAO should conduct periodic internal reviews on itself. These internal reviews and a well-implemented internal control program will help prepare for and respond to external control reviews from any auditing, Inspector General, or PEG team.

Summary

The SAO is faced with a daunting task in managing its resources. Through prudent management and oversight, the SAO can avoid any possible major pitfall they face. The SAO is not alone; they are supported by many different organizations. They also report to many different organizations determined by the source of funding and services provided.

The SAO will generally receive Security Assistance Administrative Funds for most of their security assistance budget requirements, but may also use Foreign Military Sales Case Funds, or have support provided to them by the host nation monetarily through contributed currency or non-monetarily through Assistance-in-Kind (AIK). They will receive some type of operation and maintenance (O&M) Funds for their non-security assistance programs. The SAO has several options available to them to fund AT/FP but will start by requesting funds from DoS, and then the T-20 budget or O&M budget, or finally, the Unified Command.

The various types of funds do not flow directly to the SAO. The security assistance funds will funnel through DFAS-DE. Contributed currency is channeled through the U.S. Treasury. O&M funds funnel through the Unified Commands. These funds will be sent to the SAO, the MILDEPS, or the DoS depending on what service or item is being budgeted.

There are many players in the SAO budget process. Congress is involved in appropriating some funds for the SAO. DoS will submit the portion of the SAO's budget to be appropriated or authorized annually to Congress. DSCA provides budget targets and fiscal oversight for security assistance funds. The MILDEP provides budget targets and fiscal oversight for O&M funds. The Unified Commands provide intermediary support and fiscal oversight for all types of funds. The SAO prepares the budget and executes their budget. The embassy provides accounting and fiscal support as required to the SAO. The FSC provides accounting support for DoS-processed transactions and DFAS-DE provides accounting support for all security assistance transactions.

A windows based suite of computer programs is used to aid the SAO in managing their resources. The SAARMS Preparation Module is used to prepare the SAO's budget. The SAARMS Execution Module is used to execute the SAO's budget. The SAARMS Property Module is used to account for the SAO's property. The SAARMS Personnel Module will be used to track the SAO personnel. The SAARMS TDY Module will eventually be used to track the SAO TDY program.

The SAO will receive representation funds to maintain standing and prestige of the United States by extending official courtesies to authorized personnel. There are many rules and regulations that direct the use, record keeping, and limitations of representation funds. These funds are likely to receive more attention than any other single category of funds.

ICASS is a system for providing services to the various organizations in an U.S. embassy. ICASS can be an effective tool for the SAO and other U.S. agencies within an embassy to control costs and manage level of service. Participation of service providers and customers is essential to the effective implementation of the ICASS program. There are various levels and groups that oversee the ICASS program and provide for conflict resolution.

The SAO is responsible for developing their own budget based on real world estimates of their requirements for the following two fiscal years. The SAO will receive a budget call providing direction on what to include in the budget submission. The budget is submitted to the Unified Command for review and adjustment. It is then forwarded to DSCA for approval. The SAO is provided with official obligation authority, which allows it to commit the U.S. government to expend funds. This process is repeated each year.

The SAO is also responsible for executing their budget. They must effectively manage their funds. They create an obligation and process the appropriate paperwork to procure the goods and services they require. They insure that the goods and services are paid for and appropriate accounting records inscribed. They will reconcile their records with the official accounting records at DFAS-DE for security assistance and the appropriate accounting office for other funds. They are also responsible for providing various reports as required.

There are several areas that typically cause problems for the SAO that they must be vigilant in preventing. A good internal management control program will help prevent these areas from negatively affecting the mission of the SAO. The SAO is faced with a daunting task in managing their resources, but through understanding, vigilance, and asking the right people the right questions they can maintain a good resource management program.

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